Weekly Economic Review

Wholesale and retail trade trend lower

Retail Trade

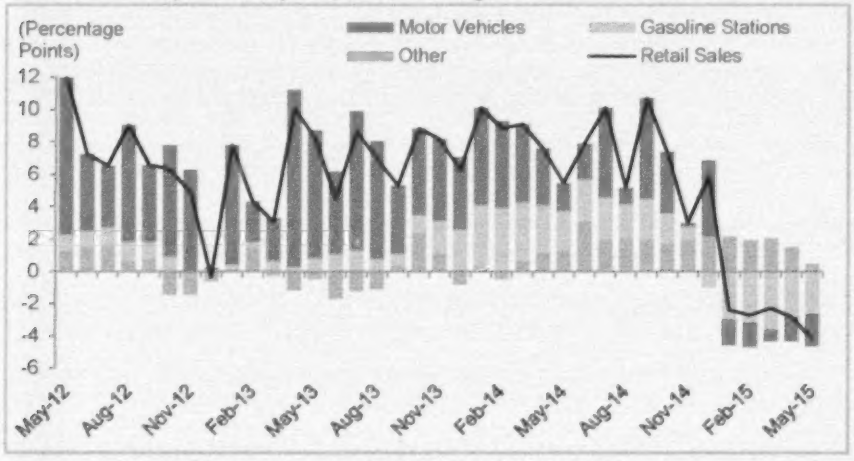
Retail sales remain weak

Alberta's retail sales in May totaled $6.3 billion, up slightly from April, but 1.7% below May 2014 and still near January's low. This was the fifth straight month of year-over-year (y/y) declines. Motor vehicle and parts dealer sales fell 9.3% y/y (Chart 1). Sales at new car dealers (-11% y/y) led the decline while used car dealer sales jumped 28% y/y. Gasoline station sales continued to decline, down 19% y/y, due to lower prices. Excluding both car sales and gasoline, retail sales were up 2.3% y/y.

Nationally, retail sales were $43.0 billion in May, an increase of 2.7% y/y. British Columbia continued to lead the provinces in growth at 8.3% y/y. Saskatchewan, Alberta and Quebec were the only provinces to post year-over-year declines.

Chart 1: Retail sales lower on gasoline stations and new motor vehicle sales

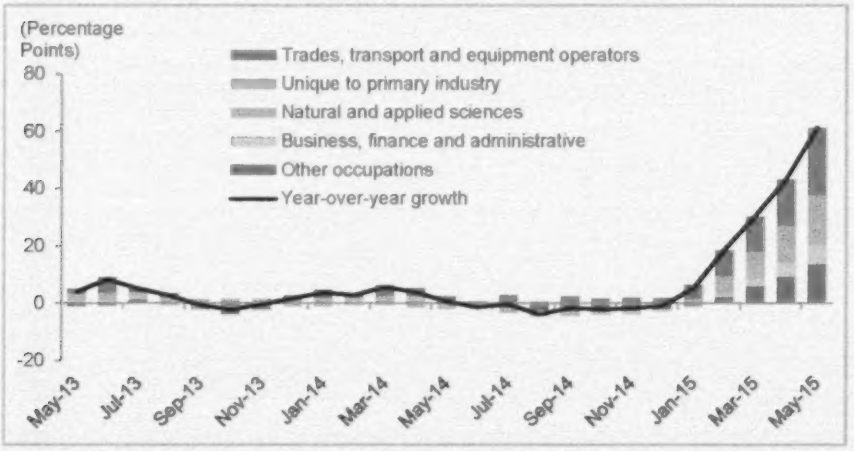
Contribution to year-over-year percent change in Alberta retail sales



Source: Statistics Canada

Chart 2: Trades lead increase in employment insurance beneficiaries

Contribution to year-over-year percent change in Alberta regular* EI beneficiaries



Source: Statistics Canada *Those who lost their jobs through no fault of their own and are available for and able to work, but can't find a job

Wholesale Trade

On the decline

The value of wholesale trade in Alberta fell 2.2% to $6.7 billion in May. This was the sixth straight monthly decline. Compared with May 2014, wholesale trade is down 4.2%, led by a 13% decline in machinery and equipment sales. Agricultural, industrial and digital machinery & equipment all contributed to the drop. Motor vehicle wholesalers saw a 23% y/y decline in sales, owing to weak sales of both trucks and passenger cars. Sales of building supplies were down 8.8% y/y. Year-to-date, wholesale trade is roughly unchanged from last year (+0.4%).

Employment Insurance

Beneficiaries and claims rise

Employment insurance (EI) claims increased by 1.1% to 27,820 in Alberta in May, an increase of 8,660 from May 2014. The rising number of claims continued to push the number of regular EI beneficiaries up. Beneficiaries jumped by 4,610, or 10%, to 48,820 in May. There are now 18,560 more people in Alberta on regular EI benefits than a year ago, an increase of 61%. Roughly 40% of the increase in beneficiaries stemmed from trades, transport and equipment operators occupations (Chart 2).

Nationally, EI claims increased 3.7% to 250,330 in May. The number of EI beneficiaries across Canada increased by 0.9% to 527,080.

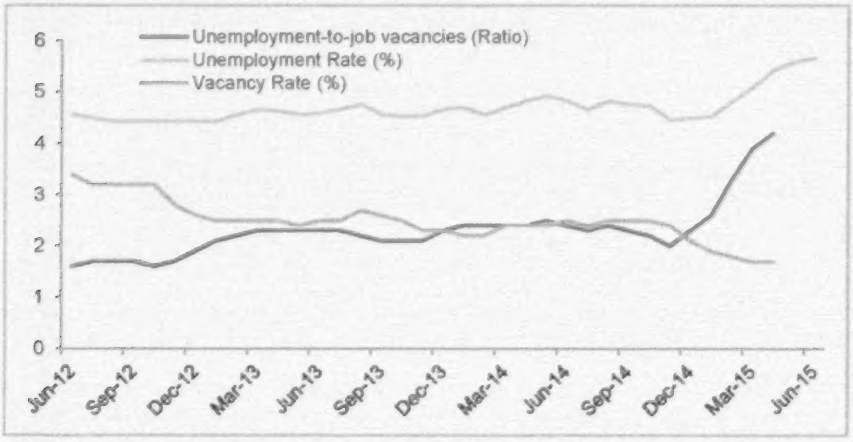
Job Vacancies

Unemployment outpaces vacancies

Alberta job vacancies averaged 34,600 per month over the three months ending in April, a 28% decline from the same period last year. The unemployment-to-job vacancy ratio rose sharply, driven by increased unemployment. There were 4.2 unemployed persons per vacant position in Alberta. This was 1.8 more unemployed persons per vacant position than the same period last year. The job vacancy rate, or proportion of positions that were unfilled, held steady at 1.7%, slightly above the Canadian rate at 1.6%.

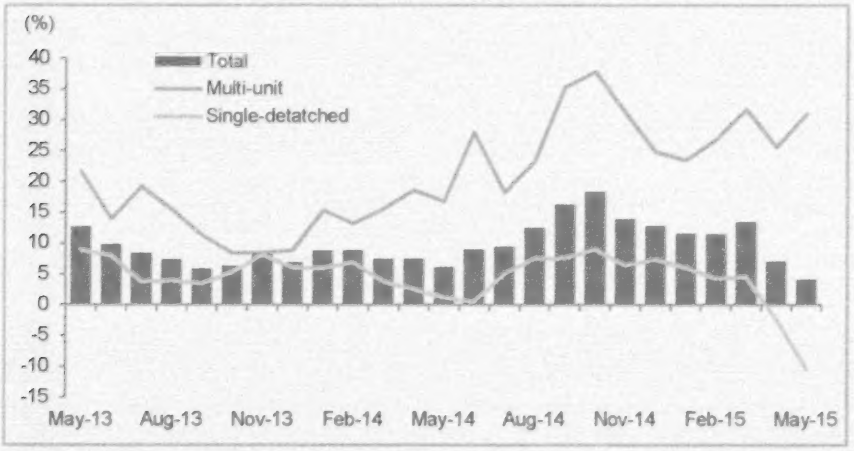
Nationally, there were 243,000 job vacancies in the three months ending in April, an increase of 6.8% y/y.

Chart 3: More unemployed people for fewer job vacancies in Alberta
Alberta labour market indicators



Source: Statistics Canada

Chart 4: Single-unit construction weighs on residential investment
Year-over-year change in Alberta new housing investment



Source: Statistics Canada

New Housing Construction

Growth decelerates

Real investment in new housing construction in Alberta was up 4.1% y/y in May, but the pace of investment growth has slowed since March. The slowdown in growth was the due to a sharp decline in real spending on single-detached dwellings, which fell by 10% y/y (Chart 4). This decline was more than offset by strong growth in apartment investment (50% y/y). Year-to-date, investment in new housing construction is up 9.3%.

US Housing

Housing activity on the rise

The US housing market continues to show signs of improvement. Compared with June 2014, existing home sales were up by 9.6% in June and new home sales were 18% higher. Year-to-date, new home sales have risen 21% and existing home sales have averaged 5.1 million units (annualized) per month since January.

The robust housing market activity has been fueling starts and higher house prices. The Case-Schiller index for US home prices has moved up to its highest level since early February 2008 while housing starts have averaged over 1 million per month (seasonally adjusted at annual rates) over the first half of this year.

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.